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A faint, light gray world map is visible in the background of the page, showing the outlines of the continents.

Spain: Bottled Mineral Water

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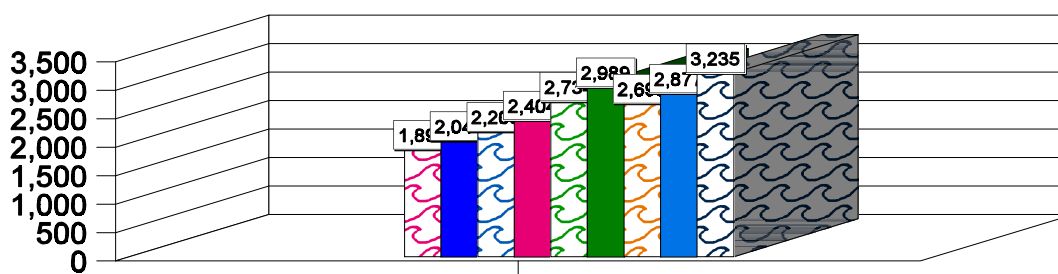
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PRODUCTION

In 1998 production of bottled mineral water in Spain was 3,235 million liters, this is an increase of about 12.5 percent over the previous year. Water production in 1997 experienced also an increase of 7 percent from 1996.

Water Production in Spain

Million Liters



	1990 - 1,890		1991 - 2,041		1992 - 2,205
	1993 - 2,404		1994 - 2,734		1995 - 2,989
	1996 - 2,699		1997 - 2,877		1998 - 3,235

In the Spanish market there are three types of bottled waters:

- S Natural Mineral Water: wholesome water extracted from the ground, containing minerals and other elements favorable to health.
- S Spring Water: wholesome water extracted from the ground.
- S Prepared water: Waters that have been treated and comply with sanitary requirements.

A chart of water production in 1998 by type follows:

Type of water	Natural Mineral	Spring	Prepared	TOTAL
Million Liters				
Percentage	86%	11.39%	2.61%	100%
Non-Carbonated	2,629.1	331.0	84.3	3,044.4
Carbonated	153.2	37.5	---	190.7
Total	2,782.3	368.4	84.3	3,235.0

EU Regulation 80/777, of July 15, 1980 regulates to mineral waters and its commercialization in all EU countries. This also relates to imported mineral waters from third countries.

It is forbidden to market natural mineral water from the same spring under more than one trade description. Nevertheless, one company can own several springs, but the water of each spring has to be commercialized with a different name. Spanish water production, being the cheapest within the region, ranks fourth within all EU countries, after Italy (7,800 million liters), Germany (7,480 million) and France (5,650 million).

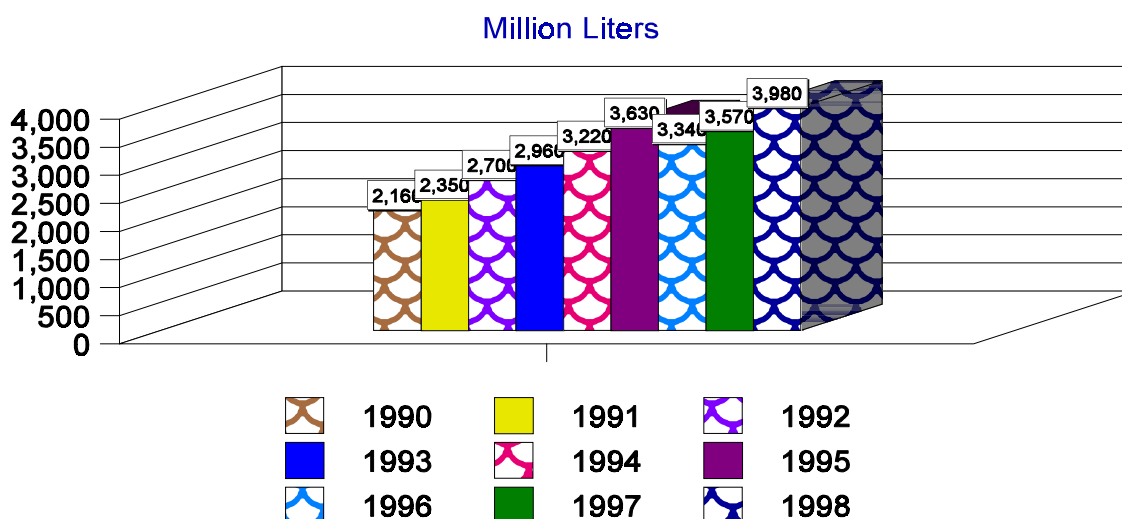
There are about 100 companies producing/bottling mineral water but 48 percent of the market is in the hands of 14 companies or groups. The main ones are Grupo Danone (16.3% of market share), Grupo Vichy Catalan (8.6%) and Grupo Pascual (5.2%).

CONSUMPTION

In 1998 water consumption increased by 11 percent to 81 liters per capita, from 72.6 liters a year earlier. This upward trend can be mainly attributed to the following factors: 1) a shift in consumption of alcoholic and other beverages to water, in line with an increasing health concern and consumption of natural products; 2) increasing number of tourist; 3) Spain's economic recovery; 4) drought in Spain during the past few years, has caused a bad taste of water in several areas.

Mineral water consumption accounts for about 20 percent of total non-alcoholic beverages consumed in Spain.

Water Consumption in Spain



About 74 percent of bottled water is distributed through the food distribution sector, while 25.5 percent is distributed through the HRI channels and the balance 0.5 percent is home delivery. It is interesting to note the fact that 80 percent of bottled water distributed through the HRI channels is carbonated water. Carbonated waters are almost exclusively bottled in glass containers.

TRADE

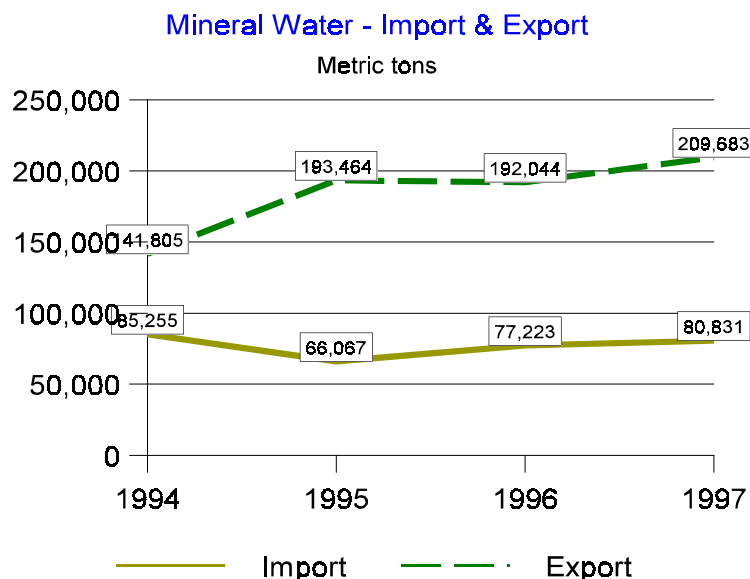
Tariff Code categories are listed in the Integrated Tariff of the European Community (TARIC), implemented January 1, 1988. Categories for water are as follows: 2201 - waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter not flavored; and 2202 - waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored, and other non-alcoholic beverages, not including fruit or vegetable juices of heading No. 2009.

The rate of duty is:

- 2201 Jan 1 to June 30 - 1.3%
 July 1 to December 31 - 0.7%
- 2202 Jan 1 to June 30 - 11.4%
 July 7 to December 31 - 10.5%

Most of the imported water in the market comes from other EU countries mainly France and Italy.

Spain exports about 0.2 percent of total production and imports 0.4 percent of total consumption.



Marketing

The most common bottle size used is: 1.5 liter bottle (31.9 percent); 0.25 l; 0.33 l; 0.50 l. (up to 0.5 liters 51.2%); other sizes between 0.75 and 1.35 liter (7.7%); 2 liter (3%); sizes between 4 and 10 liter bottles (6.2%).

The products used in the packaging of bottled water are: PET (Polyethylene Terephthalate) (44.4 percent), Polyethylene polypropylene (24.2 %); PVC (Polyvinyl Chloride) (17.9%), glass (12.4 %) and cardboard (1.1%). Use of PET has increased dramatically, from 10.9 % in 1996, to 21.3% in 1997, and more than double in 1998, in place of PVC.

Usually carbonated waters are bottled in glass containers, and the largest size used for this type of water is 1-liter bottle.

Most waters are commercialized in 6-1.5 liter bottle packages or 4-2 liter packages, these sizes are more convenient for the final consumer, because they can be put in the refrigerator, which compete with the 5 liter carafe, cheaper but bulkier. 50 and 75 cl sizes are fairly new, and very few have a special stopper that allows one to drink the liquid without totally opening the bottle.

Each label must contain the following mandatory information:

- S a statement of the analytical composition, giving its characteristic constituents
- S the place where the spring is located and the name of the spring
- S information about any treatment

There is a wide range of prices for mineral carbonated waters. For instance prices at the retail level of a 1-liter glass bottle of a national brand is 100 pesetas (\$.62), 0.50 liter, glass bottle 85 pesetas (\$.53), 0.50 liter plastic bottle 40 pesetas (\$.25); while a 0.33 liter 4-bottle package of Perrier is around 380 pesetas (\$2.38).

Prices of non-carbonated mineral water are much cheaper, a 1.5 liter plastic bottle is between 40 and 55 pesetas (\$.26 - \$.34), a 5-liter plastic carafe ranges between 270 pesetas and 160 pesetas (\$1.69 - \$1).

There appear to be opportunities for U.S. carbonated water to be distributed through the HRI channel in select restaurants. Some restaurants offer a selection of waters on their wines lists.